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- function independently in the search for new ideas;
- provide opportunities for the joint pursuit of new pan-European initiatives;
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- provide a 'pool of talent' to carry out research and inquiry into problems and questions confronting Europe today and tomorrow;
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A EUROPAEUM LECTURE
DELIVERED AT
THE GRADUATE INSTITUTE OF
INTERNATIONAL RELATIONS, GENEVA
ON
25TH MARCH 2004

A Tale of Two Economies

SIR ALAN BUDD

This lecture was chaired by Professor Charles Wyplosz, Professor of International Economics at the Graduate Institute (HEI), Geneva

Sir Alan Budd

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He graduated from the London School of Economics, and has a PhD from Cambridge University. He has held academic posts at Southampton University, Carnegie-Mellon University, Pittsburgh, The London Business School and The University of New South Wales, Australia. He was a member of the Securities and Investments Board; was Group Economic Adviser to Barclays Bank; and Deputy Chairman of the Economic Policy Committee of the OECD.

He was a founder member of the UK-Japan 2000 Group. He is currently a Senior Adviser to Credit-Suisse First Boston, a member of the Advisory Board of London Economics, a consultant to the G7 Group, New York, an executive editor of World Economics and a governor of the National Institute. He is chairman of the Oxford University Investment Committee, and was knighted in 1997.

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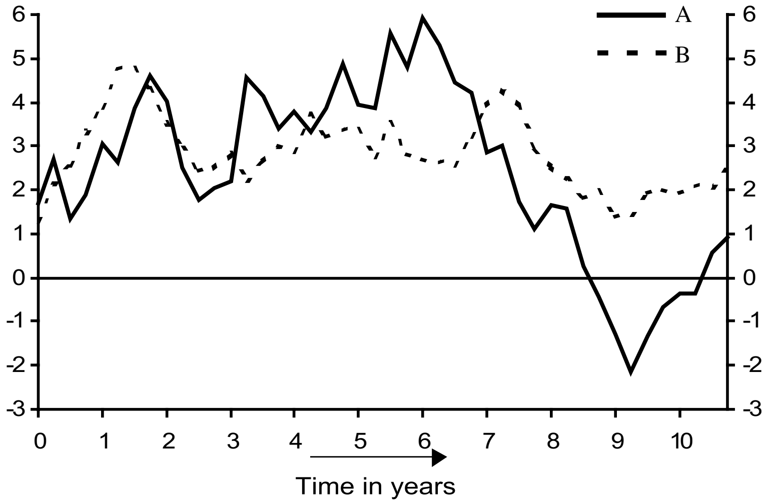
A Tale of Two Economies

I shall be discussing some recent economic history. I shall draw attention to some events which I find interesting and shall seek to explain them.

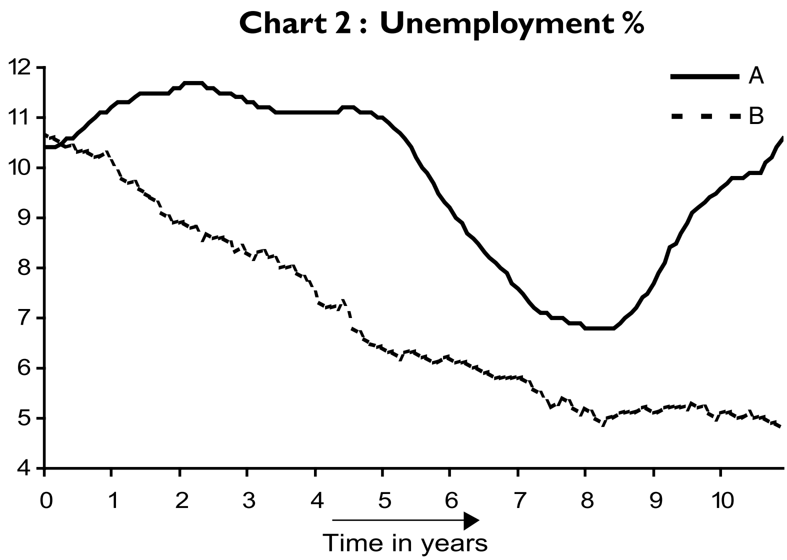
I start with some charts[1]. They present a fairly conventional way of measuring the performance of an economy. Chart 1 shows the growth of gross domestic product.

Chart 1 : Gross Domestic Product %



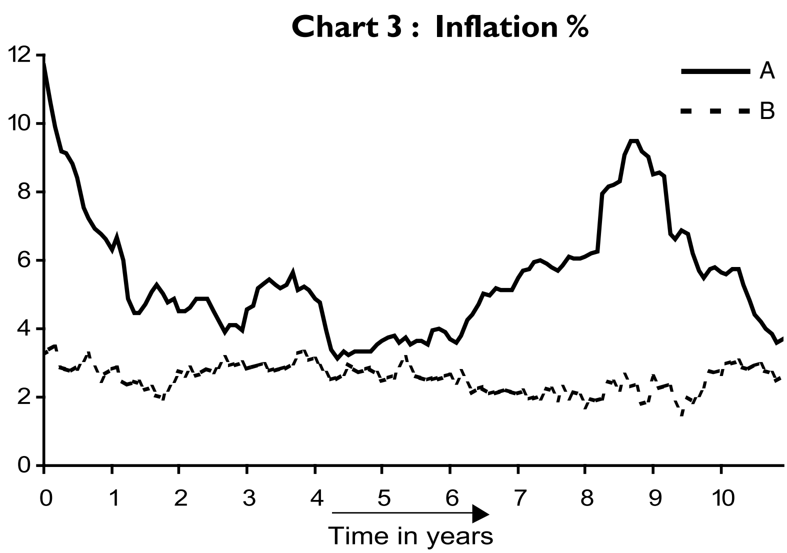
For the moment I shall describe the two lines as referring to Economy A and Economy B. Economy A is the continuous line and Economy B is the dotted line. Economy A has some periods of rapid growth but this is at the cost of rather large swings. It starts with a recession and ends with one. Economy B is remarkably stable. Growth is always positive and for most of the period it stays between about 2 per cent and 4 per cent a year.

Chart 2 shows what has happened to unemployment.



Economy A, the continuous line has high unemployment throughout. There is a brief period around years 9 and 10 when it falls but it soon reverts to its previous peak. Economy B starts with high unemployment but it falls steadily and stays at low levels from about year 8 onwards.

Finally we can see what happened to inflation. [Chart 3]

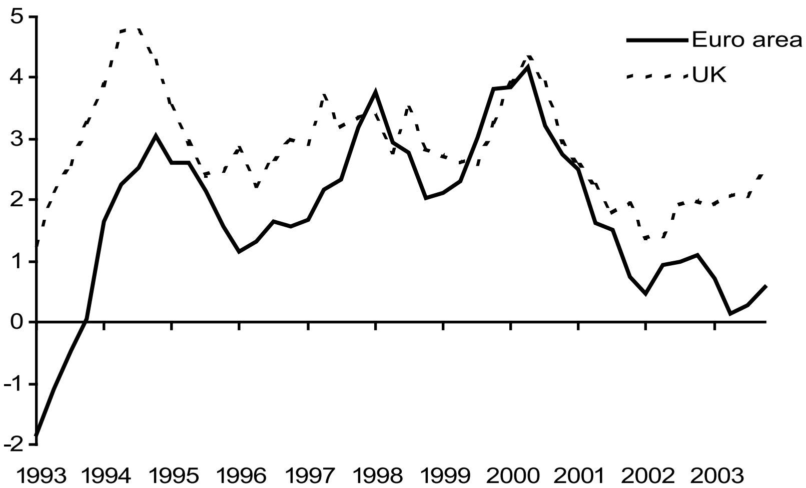


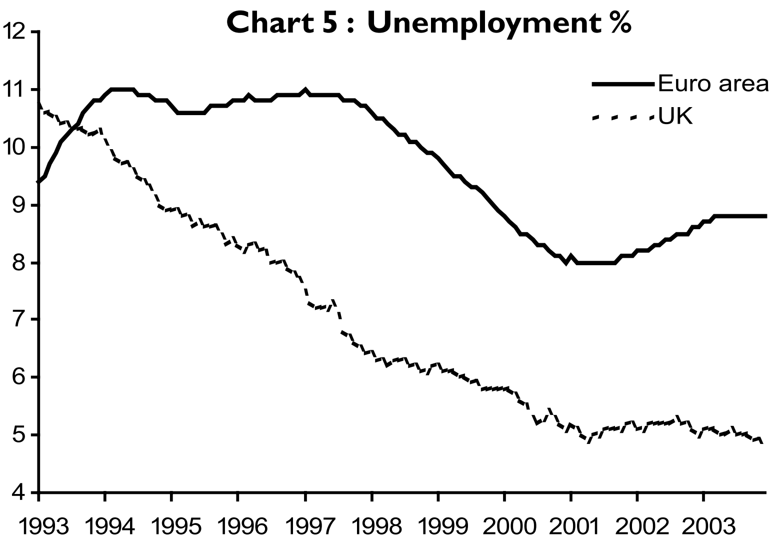
Economy A starts with inflation at about 13 per cent. It falls to 4 per cent or so but this success is not sustained and it rises to about 10 per cent before falling back again to about 4 per cent. Economy B has inflation which is low and stable, staying between 2 per cent and 3 ½ per cent for almost the entire period.

So if one had to choose between these two economies one might reasonably conclude that Economy B had performed far better than Economy A. It has more stable growth, lower unemployment and lower, and more stable, inflation. Which are these mysterious economies? The better-informed ones among you might have guessed by now that Economy A and Economy B are in fact the same economy. They show a history of the British economy from 1981 to 2003 divided into two periods of approximately ten years each. The last ten years have been considerably better than the previous ten years in almost every way. In this lecture I shall seek to explain why this has happened. But I also want to consider another point. Perhaps the explanation is that life has become easier for everyone. There may have been a benign external environment which has made the conduct of economic policy particularly easy.

Now I show Charts 4 and 5, which may cast some light on that point. This time there really are two economies.

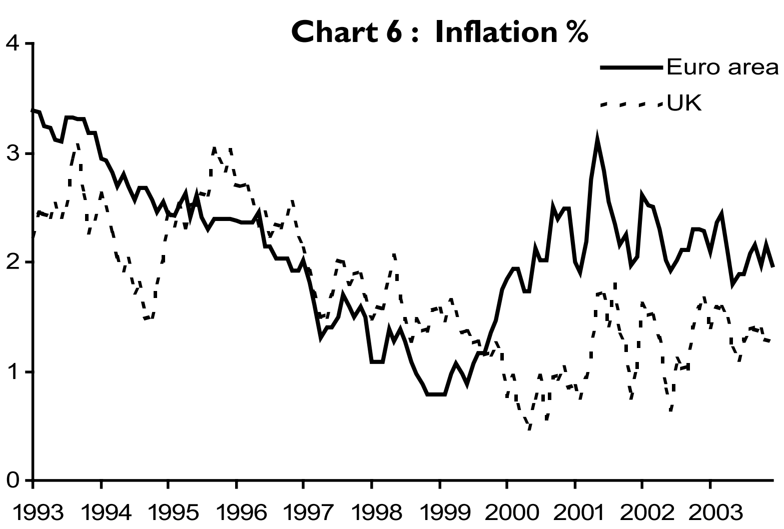
Chart 4 : Gross Domestic Product %





The dotted line shows the UK and the continuous line shows the euro area. The first chart shows the growth of GDP. As can be seen the UK has generally outperformed the euro area. In particular it has done better in recent years. The next chart shows unemployment where the UK has done significantly better than the euro area since the mid-1990s.

The third chart [of this series] shows inflation. [Chart 6]

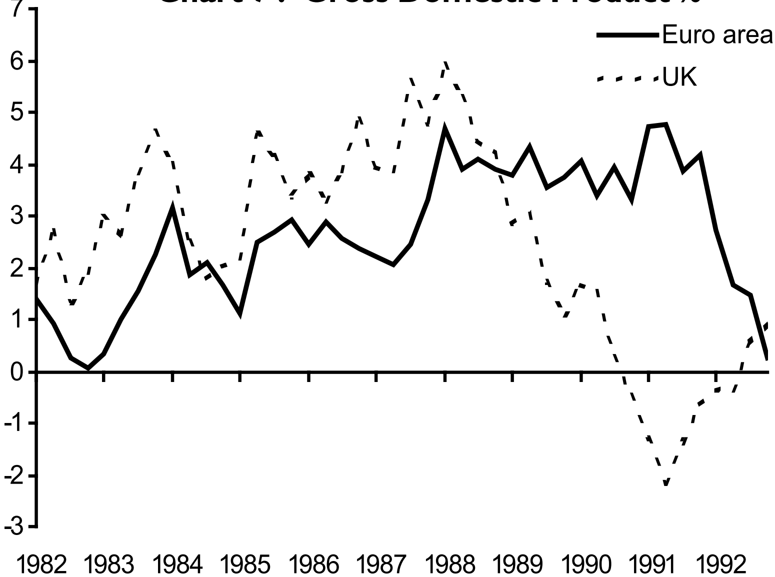


The measure of inflation for the UK is what is now called the consumer price index; it corresponds to the harmonised index of consumer prices used in the euro area. For most of the period the UK does about as well as, or somewhat better, than the euro area.

Someone shown those charts might reasonably comment as follows: it does appear that the UK has performed generally better than the euro area during the last ten years but perhaps it has always done so; perhaps the apparent improvement in UK performance when we compare the latest decade with the previous decade is because life has become easier for everyone.

To answer that point I show another set of charts. It compares the performance of the United Kingdom and the euro-area in the years from 1982 to 1992. The first chart [Chart 7] shows GDP.

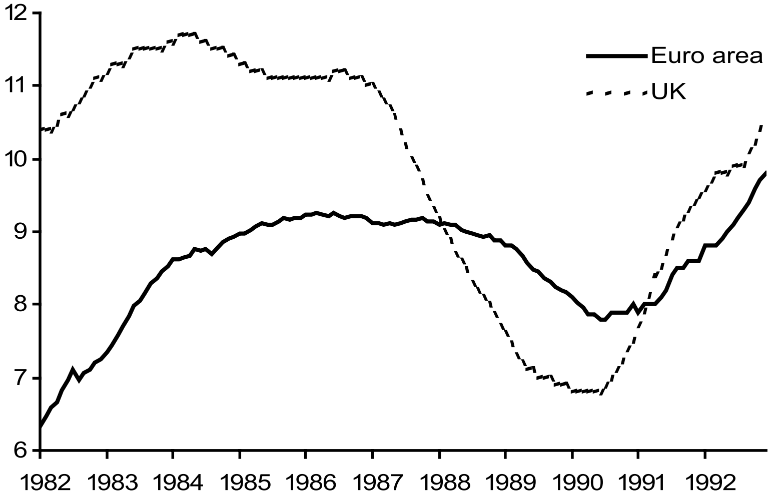
Chart 7 : Gross Domestic Product %



The picture is mixed. The UK had faster growth until the middle of 1988 but then had a sharp recession. Growth slowed down in 1991 in the euro area but not so dramatically.

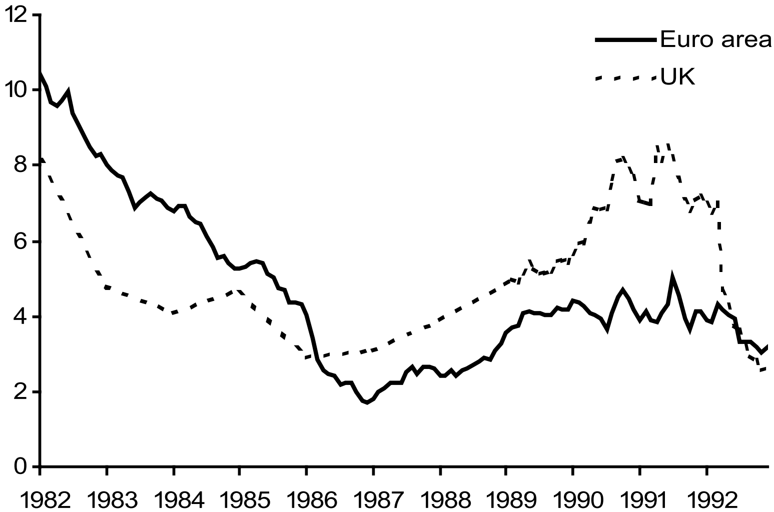
If we look at unemployment we can see that there was a period of about three years when unemployment in the UK was lower but most of the time it was significantly higher. [Chart 8]

Chart 8 : Unemployment %



Finally on Chart 9, we can look at inflation. We do not have quarterly figures for the UK before 1989 and I am using annual estimates provided by the Treasury.

Chart 9 : Inflation %



I hope I have established two points. First that the economic performance of the United Kingdom improved significantly in the past ten years compared with the previous decade. Second that it has shifted from a position in which its performance was generally no better or worse than that in the euro area to one in which it is better. It is those developments that I want to explain. Most of my explanation will rely on changes in policy-making that have occurred in the United Kingdom but I shall also make some comments about differences in policy-making between the two areas, particularly in recent years.

Macroeconomic policy in the UK

Although my charts start in 1981 I want to start my story ten years or so earlier. It so happens that I joined the Treasury, which is the main economic policy-making body in the United Kingdom, in 1970. I became responsible for producing the short-term economic forecasts which helped guide demand management. I should make two points about the approach to policy-making in those days. The first was that the main tool of demand management was fiscal policy, that is, changes in tax rates and the level of public expenditure. Monetary policy was not thought to have any significance. The second was that the primary task of demand management was seen as achieving full employment. There was no clear definition of full employment and, indeed, there appeared to be no theoretical difficulty in driving unemployment to zero. However in practice attempts to hold unemployment at low levels were constrained by the tendency for balance of payments problems to emerge when unemployment was low. (This was a period of fixed exchange rates.) It was also noticed that these balance of payments problems tended to emerge at higher and higher levels of unemployment. This trend led many to argue that the problem was an over-valued exchange rate. I shall come back to that but I want to return to the question of demand management.

The centrepiece of demand management was the annual budget. This was always seen primarily as a macroeconomic rather than microeconomic exercise. There was little justification for changes in taxes or public expenditure in terms of their effect on the efficiency of resource allocation. The important question was the size of the budget surplus or deficit and its role in raising or lowering the growth of demand and output. There was an economic forecast of developments over the following year and a half on the assumption of unchanged policy. The forecasts, particularly of unemployment, were compared with what was thought desirable. If unemployment was too high, some combination of tax cuts and public expenditure increases was adopted to bring it to its desired level. It rarely, if ever, happened that unemployment was thought to be too low. A tightening of policy was undertaken, with some regret, if the balance of payments prospects were thought to be unacceptable.

The policy-makers were armed with a Brown Book (so-called because its cover was brown) which provided ready-reckoners showing the effect on unemployment of changing particular taxes. So setting a budget was a question of choosing politically acceptable changes in taxes and public expenditure to produce the desired outcome.

The extreme version of this process was evident in the Budget of 1972 which produced a massive fiscal expansion with the express aim of cutting unemployment. There was a further fiscal expansion in the Budget of 1973. It so happened, though little attention was paid to the fact at the time, that the fiscal expansion was preceded and accompanied by a very rapid expansion of the money supply. As a further policy development, the currency was floated in 1972 in the hope that economic growth would be freed from the constraint of what was believed to be an over-valued exchange rate. This fiscal expansion and the accompanying monetary expansion had results which should have been predictable but which came as something of a surprise. The immediate effect was as predicted and the economy grew more rapidly in 1973 than in any year before or since. (Alongside the domestic expansion there was also a world boom.) By 1975 however the longer-term consequences of those policies became evident and the United Kingdom experienced in the same year what was then the post-war record for unemployment and inflation. The unemployment record was broken later but the inflation record still stands. The inflation outcome was not helped by the quadrupling of oil prices in 1973-74 but the UK's inflation rate ended significantly higher than that of any other major economy.

The lessons of the 1970s and the Thatcherite reforms

I do not want to dwell on this rather sad story except to say that the experience did cause some re-thinking of what can be called the British approach to economic policy. The fact that a rapid expansion of the money supply was followed around two years later by a sharp rise in inflation appeared to be a triumph for the monetarists. Also policy-makers began to be aware, some year's after Milton Friedman's historic Presidential Address to the American Economic Association, that there might be a "natural" or market equilibrium level of unemployment and that attempts to push unemployment below it would lead not just to higher inflation but to ever-rising inflation. Associated with this view was a re-appraisal of the role of the exchange rate. The balance of payments crises that had occurred when unemployment was pushed too low were not a sign of an over-valued exchange rate but of supply-side constraints in the economy. The fixed exchange rate disguised the inflationary pressures that became all too apparent when the exchange rate was allowed to float. There was an historic moment in the autumn of 1976 when the British Prime Minister, Mr Callaghan, recognised that attempts to reduce unemployment through fiscal expansion did not work, they simply caused higher inflation.

The incoming Conservative Government of 1979, under Mrs Thatcher, adopted policies that could broadly be described as monetarist. They set specific monetary targets, abandoned the commitment to full employment as an objective of macroeconomic policy and discarded the use of discretionary changes in fiscal policy as an instrument of demand management. (They did, however, introduce supply-side or structural policies which could, it was hoped, reduce the equilibrium level of unemployment. The measures included reforms to employment legislation, particularly relating to the powers of trades unions.) Since this was a completely new approach to macroeconomic policy making it is hardly surprising that mistakes were made. For example, even though the monetary targets set in1979 and 1980 were greatly exceeded, monetary policy was in fact exceptionally tight. This was partly because the tax changes introduced to reduce the budget deficit caused a significant increase in retail prices and partly because innovation in financial markets changed the relationship between broad measures of the money supply and nominal expenditure. The result was a severe recession in 1980 and 1981, which is just before my charts start.

Why did performance improve ?

That was rather a long preamble but let me start to answer my questions about why the performance of the UK economy was so much better in the last ten years than it had been in the previous decade and why it has been as good as, if not better, than performance in the euro area. If we look at performance between 1982 and 1992 we can see that the Conservative Government was successful in bringing inflation down to about 4 per cent by 1986 and it stayed there for a couple of years. But then it started to rise and moved back towards 10 per cent by 1990. What went wrong? As the unemployment chart shows, unemployment continued to rise in the early years in a delayed response to the 1980-81 recession; then there was a rapid, and welcome, fall. The GDP chart shows that this was a response to the years of rapid growth. This was a very exciting period and for a time it seemed possible to combine this rapid growth with acceptably low inflation. People began to draw optimistic conclusions about the sustainable growth of the economy. That increased optimism in turn helped to raise the growth of demand. The household sector, for example, increased its borrowing because it raised its estimates of future levels of income. The Government too joined in the merry dance and raised its own borrowing. It also continued to cut interest rates at a time when, in retrospect, we can recognise that output was above its sustainable level. (That was partly because it had adopted a policy of shadowing the Deutschemark.)

Unfortunately the optimism about the sustainable growth of output was mistaken; but it took some time before the inflationary consequences of this error became apparent. This was partly because they were disguised by the effects of a fall in world oil prices. However by 1990 inflation was moving to 10 per cent or so. Almost precisely at the peak of inflation, in October 1990, the United Kingdom joined the exchange rate mechanism of the European monetary system. The episode of ERM membership has been written and spoken about many times and I intend to make my own contribution to the debate later this year. For the purposes of my story today one can say that it marked a turning point in policy-making in the UK. It gave the country a nominal target in the shape of an exchange rate target (strictly, a range for the exchange rate). Membership of the ERM lasted for two years. To start with it seemed to be successful. The interest rate was cut and started to move towards rates in other ERM countries. Inflation fell. But membership became increasingly painful and unpopular. I believe that the problem was not so much the exchange rate as the level of interest rates. Membership of the ERM required interest rate levels which were killing any hope of an economic recovery at a time of a deep recession. In September 1992 the UK was forced out of the ERM but inflation had been squeezed (very painfully) out of the system. The UK Government had been forced to stick to the necessary policies.

Alan Budd

Economic policy after 1992

I was working for the British Government at the time we left the Exchange Rate Mechanism and it was a somewhat devastating experience. I feared that it would be the end of our success in controlling inflation and that we would soon revert to our earlier failures. That was because I could not see what would replace the discipline exercised by a specific exchange rate target. But my fears were misplaced. I believe that the experience of ERM membership and the system that was put in place when we were forced out of it go a long way to explain our improved economic experience in the past decade. The new system, which was introduced in October 1992, had two elements in particular which were crucial to the policy's success. The first was a quantitative inflation target. Such targets have become a commonplace in successive years, though the pioneer was New Zealand. In the United Kingdom at the time it seemed a very bold move. The target was that inflation would be held in the range of 1 to 4 percent and would be brought to the lower part of that range (ie below 2.5 per cent) by the end of the Parliament. That was a narrower range than we had achieved in the past. The important point for policy was that there would be a specific target to focus the policy measures and a clear definition of success and failure. The second crucial change was the establishment of regular meetings between the Chancellor of the Exchequer, the United Kingdom's approximate equivalent of Finance Ministers elsewhere, and the Governor of the Bank of England to discuss the setting of interest rates. That hardly sounds revolutionary but it was. Under British arrangements at the time, the setting of interest rates was solely the responsibility of the Chancellor of the Exchequer. He would listen to the advice of the Bank of England but he would not necessarily take it. There were regular meetings between the officials at the Treasury and the Bank of England but meetings between the Chancellor and the Governor usually only occurred in response to a crisis requiring drastic action. A typical crisis would involve a run on the foreign currency reserves.

Even though most meetings did not involve a change in interest rates, the discipline of the monthly meeting was extremely valuable. It forced those taking part to think about prospects for inflation in a consistent and logical way. As a further development of the system, Mr Norman Lamont, as he then was, instructed the Bank of England to produce a quarterly report on prospects for inflation. That allowed the Bank, if it wished, to argue that the Chancellor's policies were inconsistent with the inflation target. After Mr Lamont was replaced by Mr Kenneth Clarke it was agreed to publish the minutes of the monthly meetings so that it became possible to know, after some delay, whether the Chancellor had rejected the Governor's advice. On several occasions he did so, though he had the irritating habit of being right, if for the wrong reasons.

The post-ERM system stayed in place until the General Election of May 1997, about four and a half years later. It was a highly successful period for the UK economy. Inflation stayed below 4 per cent and fell to 2 ½ per cent. Growth was helped by the lower exchange rate and stayed strong. Unemployment fell steadily. Also, from 1993 onwards there was a programme of fiscal consolidation which transformed the public finances. I can very well remember the occasion in 1994 in which interest rates were raised in response to the risk that the rapid economic growth we were experiencing would cause an undesirable rise in inflation. Old hands in the Treasury could not remember an occasion on which interest rates had been raised in a calm act of anticipation of possible future problems rather than as a panic response to a crisis.

So for the first seven years of the decade we saw, first, the iron discipline of ERM membership, then the response to a system with an inflation target and a regular routine of meetings. That was the foundation of success. After the Election of 1997 we saw the establishment of the Monetary Policy Committee with the responsibility for controlling inflation and with the power to set interest rates for that purpose. That has been a brilliant success, but I want to repeat my point that it was able to build on a very good foundation.

The system introduced by the Labour Government in 1997 has at its core an inflation target, though it is expressed in terms of a single figure rather than a range. It is true that the Bank of England has to send a letter of explanation if inflation differs from the target by more than 1 per cent but it is clear that the objective is to keep inflation as close to the target as possible. The target is symmetrical. Inflation below the target is to be avoided just as much as inflation above the target. The target is set by the Government. That is appropriate for a country with a strong tradition of parliamentary government. The process of reaching decisions is almost completely transparent. Minutes of the meetings are published and individual votes are recorded. A full account of the background to the decisions together with an economic forecast is published each quarter. The framework designed by the Treasury and the system of implementation put in place at the Bank of England help to explain why it has all worked so well.

The UK and the Euro area

I hope I have provided a convincing explanation for the United Kingdom's economic performance during the last ten years. I move finally to answer my second question. Why has the UK's economic performance improved relative to that of the euro area? I know very well that pride comes before a fall. There have been many times in the past when I have been tempted to gloat about the UK's economic performance. On almost all the occasions when I have succumbed to temptation it has proved to be a bad mistake. A period of apparent success has been rapidly followed by a period of catastrophic failure. So these remarks are very tentative. However I do think that some of the arrangements in the UK have been particularly helpful in recent years, especially in response to the world recession.

Let me start with monetary policy. The British system of monetary policy, as I have suggested, has been largely in place since 1992 and the final stage in its design was put in place in 1997. That was two years before the establishment of the euro and those two years may have been important in terms of reputation. The component parts of the European Central Bank had, in many cases, an enviably good reputation but it was no doubt felt that the ECB itself had to start afresh. That need to establish a reputation may perhaps have caused a slight bias towards caution where inflation was concerned. A second issue concerns the nature of the ECB's inflation target. It is no doubt possible to exaggerate this matter but there was at least some ambiguity about the meaning of price stability. The ECB rejected the accusation that its target was asymmetric and all agreed that prices should not be falling but it was not completely clear where, in the range of zero to 2, inflation was supposed to lie. Certainly there was no presumption that policy would be relaxed if inflation were headed below 2 per cent. (There is less ambiguity now.)

If we take these three elements: the need to establish a credible anti-inflation reputation, a question mark about whether the target was symmetrical and some ambiguity about the definition of the target itself, then one might believe that the ECB was not as free to respond to evidence of a slowdown as was the Bank of England.

There is another point which may be related to the question of reputation. When the Monetary Policy Committee took over responsibility for the conduct of monetary policy it was already clear that the system was forward-looking. The MPC has established, as a matter of practice, that the relevant forecasting horizon is about two years ahead. As a result commentators have learnt that policy does not respond to the current inflation rate. There have been a number of occasions on which interest rates have been raised when inflation is below its target and cut when inflation is above it. It is, of course, quite clear from published documents that the ECB takes a forward-looking approach to the conduct of inflation but I suspect that public opinion was less accustomed to the idea and that it was more difficult for the ECB to respond to economic weakness during 2001 at a time when inflation was above 2 per cent.

There is another, more controversial, question in relation to monetary policy which concerns the role of monetary indicators. Rightly or wrongly, the Monetary Policy Committee has not paid a great deal of attention to the various measures of the money supply, particularly broad measures. That may prove to be a mistake but the MPC did not feel inhibited as, at times the ECB appears to have been, by monetary developments.

I would also add the general point that the MPC is quite clearly involved in an exercise that can be described as demand management, or even as fine-tuning. It responds to actual and anticipated fluctuations in demand and output because it believes that this is necessary to control inflation. Stability of economic growth is an intermediate rather than a final target but it receives a great deal of attention from the MPC. Again it may be a matter of presentation rather than of actual behaviour but I sometimes get the impression that the ECB prefers to emphasise that it is not concerned with short-term stabilisation of output and focuses instead on prospects for inflation. Its language creates the sense that there is a conflict between stabilising output and meeting its inflation objective, whereas the MPC has no such conflict. I realise that there are times, as with a supply-side shock, when there may be a conflict but that has not been the case so far.

That part of my discussion has concentrated on monetary policy since that is what receives most attention. The United Kingdom emphasises that, under current arrangements it relies on monetary policy to control inflation. What about fiscal policy? The official view is that fiscal policy is directed at achieving sound public finances through observation of two rules: the “golden rule” that current expenditure should be balanced by current revenue over the cycle, and the “prudent investment rule” that net debt should be kept below 40 per cent of GDP. Within that system fiscal policy is expected to support monetary policy in the sense that the current fiscal balance will tend to move into surplus during periods of above-trend growth and move into recession during periods of below-trend growth. However it so happened that these rules allowed a significant relaxation of fiscal policy at the time of the world recession since the fiscal position started far stronger than required by the rules. That fortunate coincidence undoubtedly helped maintain the growth of domestic demand at a time when foreign demand was weak. The euro economies actually tightened fiscal policy during this period and were generally constrained by the requirements of the Stability and Growth Pact.

Let me start to draw some conclusions. I have suggested that the United Kingdom’s improved economic performance during the last decade owes much to the severe experience of membership of the Exchange Rate Mechanism and the institutional changes that were put in place when we were driven out of it, culminating, in 1997, with the establishment of the Monetary Policy Committee and the granting of interest rate independence to the Bank of England. That system has worked remarkably well. I has produced low and stable inflation, stable growth, despite a severe world recession, and low unemployment.

I have told the story as if the 1980s were not very good and as if the 1990s and later years were much better. That is indeed true, as my charts show; but the 1970s were even worse. I have told that sad story. So it would be unfair to forget the improvements that were made during the 1980s. There are two points that I would particularly emphasise. The first is that the failures of the 1970s were partly caused by a crude application of Keynesian ideas. It was assumed that demand management could be used to achieve some target level of unemployment without any thought of supply-side constraints (a mistake that Keynes would certainly not have made). I have drawn attention elsewhere[2] to the paradox that economic growth became more stable and unemployment started to fall when the emphasis of macro-economic policy-making switched from the reduction of unemployment to the control of inflation. It was not a smooth path to success, far from it, but it has produced highly desirable outcomes. The other important aspect of policy-making in the 1980s was that it started the process of supply-side improvements which have allowed unemployment to be far lower than was believed possible ten years or so ago.

I think that these changes can also explain why our performance has improved relative to that of the euro area. But I am certainly not claiming that we have all the correct answers. And we may find that the policy which was pursued from 2001 onwards of boosting domestic demand, including household demand, while foreign demand weakened has caused balance sheet problems which will unravel in a painful and uncontrollable way. That will be tested in the coming years but so far I think we can allow ourselves a modest satisfaction at what has been achieved.

Notes

[1] I am grateful to Juliette Lim-Fat for preparing the charts.

[2] Alan Budd *The Quest for Stability*, World Economics, Vol 3, Number3, July-September 2002

The Europaeum Record

I. Academic Conferences

1993 Oxford	*Are European Elites Losing Touch with their Peoples?*
1994 Oxford	*Europe and America after the Cold War: the End of the West*
1995 Bonn	*Integration of East Central Europe into the European Union*
1996 Geneva	*Defining the Projecting Europe's Identity: Issues and Trade-Offs*
1997 Paris I	*Europe and Money*
1998 Leiden	*Human rights, the plight of immigrants and European immigration policy*
2000 Bonn	*The Implications of the new Knowledge and Technology*
2001 Oxford	*Democracy and the Internet: New Rules for New Times*
2001 Berlin	European Universities Project: *Borderless Education: Bridging Europe*
2002 Paris	European Universities Project: *New Times : New Responsibilities*
2003 Oxford	*Whose Europe? National Models and the European Constitution*
2003 Bonn	European Universities Project: *New Partnerships : Opportunities and Risks*

II. Student Summer Schools

1994 Leiden	*Concepts of Europe*
1995 Bologna	*The Problem of Political Leadership and the Ethnic Nation*
1996 Bologna	*The Civic Nation and the Ethnic Nation*
1998 Budapest	*Risk Policy Analysis*
1998 Oxford	*Human Rights*
1999 Paris I	*NATO and European Defence*
2000 Bologna	*European Policy and Enlargement*
2000 Oxford	*Church as Politeia*
2001 Oxford	*Human Rights and the movement of People in Europe*
2002 Oxford	*The Economics of European Integration*
2003 Prague	*Old and New Ideas of European Federalism*

III. Teaching, Courses and Study Programmes

1992 - **Oxford**	*European Community Law* involving joint teaching and study, and student exchanges, linking Oxford, Leiden and Sienna.
1999 - **Paris**	*Economics of European Integration* module open to Europaeum undergraduates and graduates.
1999- 2001 **Bologna**	*Political Cultures and European Political Systems* MA programme, linking Bologna to Oxford and Leiden.
2000 **Geneva**	*International Refugee Law* joint teaching programme, linking Geneva and Oxford.
2004 - **Leiden**	Leadership Programme in *European Business, Cultures, and Institutions,* linking Leiden and Oxford.
2004 - **Leiden**	MA in *European History and Civilisation* linking Leiden, Paris I and Oxford.

● Cross-Europe academic networks function in Economics, History, Politics and Theology, helping to promote collaborative teaching and mobility of graduate research students. Other initiatives link scholars in Classics, History of Science and International Relations and Diplomacy.

● The Europaeum played the key role in the creation at Oxford of the *Centre for European Politics, Economics and Society, the Oxford Institute of European* and *Comparative Law*, the European Humanities Research Centre, plus a number of fellowships, including the *Chair in European Thought* and, most recently, the *Bertelsmann Europaeum Visiting Professorship in 20th Century Jewish History and Politics*. The Europaeum is also supporting many other projects such as the Leiden University diplomacy training programme.

IV. Scholarship Programmes

● ***The Roy Jenkins Memorial Fund*** scholarships brings students chosen from the nine Europaeum partner universities. The awards are for £10,000 per annum, tenable for up to two years, and enable *Jenkins Scholars* to study a Masters degree in the Humanities or Social Sciences (or senior BA degree) . The first two *Jenkins* Scholars will be chosen in 2004 to begin their courses in the year 2004-5.

- The ***Oxford-Geneva Bursary Scheme*** provides annual bursaries for student exchanges between Oxford and the Graduate Institute of International Studies, together with other collaborative activities including joint teaching and Europaeum Lectures.

- The ***Scatcherd European Scholarships*** scheme, founded at Oxford, as part of the Europaeum initiative in 1997, offers fully funded places at Oxford for European graduates, including all Europaeum partner institutions; and also places for Oxford graduates at leading European Universities, including Europaeum partner universities.

- The ***Europaeum Scholarships in Jewish Studies*** have provided up to six places each year for Europaeum graduate students to spend a year in Oxford studying for the Diploma in Jewish Studies at the Oxford Centre for Hebrew and Jewish Studies between 1995 and 2001. Discussions continue to create a new scheme to accompany the upgrading of the Jewish Studies programme to an MA course.

- ***Henry R Kravis Scholarships*** allowed students from Central or Eastern Europe read an M.Phil in European Politics and Society or the M.Juris in European and Comparative Law at Oxford; and ***Thyssen Scholarships*** supported study of the M.Phil in European Politics and Society at Oxford. Both schemes have now expired.

V. Joint Research and Support Projects

- The Europaeum Project on the ***Future of European Universities*****,** supported by DaimlerChrysler Services A G, a three-year investigation into the impact of new technology and the Knowledge Revolution was initiated in 2001. International conferences on *Borderless Education: Bridging Europe* (Berlin 2001); *New Times : New Responsibilities* (Paris 2002); and *New Partnerships: Opportunities and Risks* (Bonn 2003) have been held.

- The ***Europaeum Research Project Groups*** scheme encourages collaborative research across the association. The following groups have been backed so far: The Churches and the Family; European Monetary Integration; The Kosovo Stability Pact; International Intervention; European identity; Unilateral Action; Regulation of E-commerce; Liberalism in 20th Century Europe; Transmission and Understanding in the Sciences; and Cultural Difference in Europe.

- Past international ***Europaeum Research Projects*** have been on *Party System Changes* (1997) and *The origins and aftermath of the Kosovo crisis* (2000).

- ***A Research Directory*** of interests of staff involved in European Studies in partner institutions is accessible via the Europaeum internet site to build and encourage academic collaboration.

VI. Mobility Schemes

- The ***Europaeum New Initiatives Scheme*** provides seed funding for, innovative and imaginative forms of academic collaboration within, but not exclusive to, the Europaeum academic community.

- The ***Europaeum Visiting Professors Scheme*** supports the movement of academics from one partner institution to another. By 2004, 12 Europeaum Visiting Professors had been created and supported linking Europaeum Universities.

- ***Europaeum Mobility Schemes*** aim to support individual academics and students from member institutions participating in selected European events and activities, including conferences, seminars and summer schools. In recent years, key Europaeum scholars have been supported at conferences on *The Future of the Third Way*; *Russia and Europe*; and *Telecommunications Policies for the Future*.

- More than 20 projects have been supported including Staff Exchanges on e-commerce; a Theology summer lecture series; Anglo-Czech Historians Project; Classicists Colloquiums; Model European Student debates; EU Policy Transfer Seminar; and inquiries into the Church and the Family; and Transmission of Science ideas in Europe.

The Europaeum
Partners & Representatives

OXFORD

The University of Oxford, comprising 39 Colleges and 6 Private Halls, dates its foundation offically to 1249, though teaching at Oxford is known to date back to 1096, the first overseas scholar having arrived in 1190.

Vice-Chancellor: Sir Colin Lucas

Academic Committee: Professor Michael Freeden (Politics)
Professor Mark Freedland (Law)

Management Committee: Mrs Beverly Potts
International Office
University of Oxford
Wellington Square
OXFORD OX1 2JD
Email: Beverly.Potts@admin.ox.ac.uk

LEIDEN

Universiteit Leiden founded in 1575 by the States of Holland, as a reward for the town's brave resistance against the Spanish, at the behest of William of Orange.

Rector: Professor Douwe D Breimer

Academic Committee: Professor Henk Dekker (Politics)
Professor Wim van den Doel (History)

Management Committee: Dr Joost Van Asten
Director of International Relations
University Office
Universiteit Leiden
Rapenburg 67, Postbus 9500
NL-2300 RA LEIDEN
Email: jja.vanasten@bb.leidenuniv.nl

BOLOGNA

Università degli studi di Bologna officially constituted in 1158 by Emperor Frederick I Barbarossa, though independent teaching dates back to 1088.

Rector: Professor Pier Ugo Calzolari

Academic Committee: Professor Tiziano Bonazzi (History)
Professor Carlo Guarnieri (Politics)

Management Committee: Dr Giovanna Filippini
Settore Relazioni Internazionali
Università degli studi di Bologna
Via Zamboni 33
I-40125 BOLOGNA
Email: gfilippini@ammc.unibo.it

BONN

Rheinische Friedrich-Wilhelms-Universität Bonn founded in 1818 by Kaiser Friedrich Wilhelm III, preceded by an Academy established in 1777.

Rektor: Professor Mathias Winiger

Academic Committee: Professor Dr Wolfram Kinzig (Theology)
Professor Dr Uwe Holtz (Politics)

Management Committee: Dr. Hartmut Ihne
Director, ZEF/ZEI
Universitat Bonn
Walter-Flex-Str. 3
D-53113 BONN
Email: ihne.cicero@uni-bonn.de

GENEVA

The Graduate Institute of International Studies founded in 1927, associated to, but not part of, the University of Geneva.

Director: Philippe Burrin

Academic Committee: Professor Gopalan Balachandran(History)
Professor Vera Gowlland-Debbas (Law)

Management Committee: Dr Daniel Warner
Deputy to the Director
Graduate Institute of International Studies
132, Rue de Lausanne
P.O. Box 36
CH-1211 GENEVE 21
Email: warner@hei.unige.ch

PARIS

Université Paris I Panthéon-Sorbonne founded in the 12th Century, formally constituted by Papal Bull in 1215, was briefly suppressed during the French Revolution (1793 - 1808), and reconstituted in 1890.

Rector: Professor Pierre-Yves Henin

Academic Committee: Professor Robert Frank (History)
Professor Annie Cot (Economics)

Management Committee: Professor Robert Frank
Institut Pierre Renouvin
1, rue Victor Cousin
F-75005 PARIS
Email: frank@univ-paris1.fr

PRAGUE

Charles University, Prague, founded in 1348, was divided into Czech and German institutions by the Vienna government in 1882. These operated in parallel until 1939, when the Czech institution was closed by Nazi occupation. After 1945, the German institution was abolished and the Czech Charles University revived.

Rector: Professor Ivan Wilhelm

Academic Committee: Professor Luboš Tichy (Law)
Professor Frantisek Turnovec (Economics)

Management Committee: Ms Ivana Halašková
Director, International Relations Office
Univerzita Karlova V Praze
Ovocny trh 3/5
116 36 PRAHA 1
Email: Ivana.Halaskova@ruk.cuni.cz

MADRID

The Complutense University of Madrid, one of the oldest and largest in the world, was founded in 1293, originally in Alcalá de Henares, moving to Madrid in 1836. It has about 100,000 students, including 3,500 international students.

Rector: Professor Carlos Berzosa

Academic Committee: Professor Rosario Otegui (Social Anthropology)
Professor Javier Montero (Mathematics)

Management Committee: Mr Fernando de Hipòlito

International Relations
Pabellòn de Gobierno
Isaac Peral s/n
28040 MADRID
Email: hipolito@rect.ucm.es28

HELSINKI

Helsinki University was established in Turku in 1640, but was transferred to Helsinki in 1828. The University is multilingual, providing teaching in Finnish, Swedish and English, with operations at 20 localities throughout Finland.

Rector: Dr Ilkka Niiniluoto

Academic Committee: Dr Teija Tiililainen (Political Science)
Vacancy

Management Committee: Mr Markus Laitinen
Head of International Affairs
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Europaeum Lectures

Europaeum Lectures have been a part of the consortium work since its foundation, examining key issues confronting Europe today. Since 2002, those marked with * have been published.

Those marked with + are available on our website.

- **October 2000, Prague**
  Dr David Robertson, Oxford University, on *A Common Constitutional Law for Europe: Questions of National Autonomy versus Universal Rights* * +
- **November 2000, Oxford**
  Dr John Temple-Lang, European Commission, on *The Commission and the European Parliament – an uncertain relationship* * +
- **February 2001, Geneva**
  Professor Ian Brownlie CBE QC, formerly of Oxford University, on *International Law and the use of force by states* * +
- **May 2001, Oxford**
  Professor Philippe Burrin, Geneva University, on *Strands on Nazi Anti-semitism* * +
- **June 2001, Paris**
  Professor Raymond Barre, formerly French Premier, the Sorbonne (Paris I) on *Quelle Europe pour demain?*
- **December 2001, Berlin**
  Professor Peter Scott, Kingston University,(formerly Edition Times, Higher Education Supplement) on *The European University - What is its Future?* +
- **April 2002, Geneva**
  Lord Professor (Ralf) Dahrendorf, formerly Oxford University, on *Global Security Interlinked, Poverty, Security and Development* * +
- **April 2002, Bonn**
  Professor Michael Meyer-Blanck, Bonn University, on *Tradition - Integration - Qualification: Some Reflections on Religious Education in European Schools*
- **June 2002, Bologna**
  Professor Tiziano Bonazzi, Bologna University, on *Europa, Zeus and Minos: or the labyrinth of Euro-American relations*
- **November 2002, Oxford**
  Professor Charles Wyplosz, Geneva University, on *Fiscal Discipline in the Monetary Union: Rules or Institutions?* * +
- **November 2002, Oxford**
  Professor Robert Frank, Paris I University, on *France and the United Kingdom in the Construction of Europe.*
- **April 2003, Geneva**
  Sir Marrack Goulding, Oxford University, formerly United Nations, on *The United Nations and Peace since the Cold War: success, failure or neither?* * +
- **June 2003, Leiden**
  Professor Sir Adam Roberts, Oxford University, on *International Law and the Use of Military Force : The United Nations, the United States and Iraq.* * +

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